

The Role of Financial Management in the Decision-making of Business

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Abstract: *This study discussed the role of financial management in the decision-making in enterprises applying it on the Kenana Sugar Co., Ltd. The study aims to find out the role of financial management in the financial decision-making in business and the extent of responsibility to make decisions and commitments in the entrusted tasks through integrated concept of financial management in the business, also to know the business of the Chief Financial Officer in the commercial and financial institutions. The study depend on the descriptive analytical curriculum and historical to achieve this objective, also it relied on the information and data from secondary sources of books and references as well as primary sources represented in the survey on a sample of selected workers Kenana Sugar Company Limited. The study stated that the numerous results, such as the relationship between financial management and financial planning, take appropriate decisions in the process of obtaining various sources of funding, the process of regulation in the organization and carry out investment decisions in commercial establishments. The financial management in commercial enterprises is not independent of other departments and they care about the financial analysis of the financial operations of the institution. It is concluded that the initial hypothesis showed a relationship between the adoptions of financial management decision of the planning process in commercial establishments.*

Keywords: *Financial planning, Decision-making, Regulatory process, Business.*

I. Introduction

The success of economic projects depends on the following of scientific methods in management. Also, the fundamental success of a strategy depends on three critical factors: a firm's alignment with the external environment, a realistic internal view of its core competencies and sustainable competitive advantages and careful implementation and monitoring (Porter, 1996). The financial management considers as a function which is task in invested capital management to achieve possible profitability and/or the optimal use of financial resources and management to achieve the objectives of the project. The finance component is represented by the company's commitment to survival, growth and profitability (Pearce and David, 1987). The financial management has gone through a number of developments since the beginning of this century, where it was moved from descriptive studies to scientific studies that are subject to the standard accurate process. It moves from field that was interested in search for sources of funding to a field interested in asset management and channeling financial resources to the areas of better use, also from external analysis of the institution to focus on the decision-making process within the organization. In the last ten years, the balanced scorecard (BSC) has become one of the most effective management instruments for implementing and monitoring strategy execution as it helps to align strategy with expected performance and it stresses the importance of establishing financial goals for employees, functional areas and business units. The BSC ensures that the strategy is translated into objectives, operational actions and financial goals and focuses on four key dimensions: financial factors, employee learning and growth, customer satisfaction, and internal business processes (Kaplan and Norton, 1996). The role of financial management in the organization is a constantly evolving role of which is thus in line with the suitable modern ideas and methods in the areas of use (Mofleh, 2000). The role of financial management in these days it differs from its role years ago. There is no doubt that its future role will be different from what it is now. Therefore, it is imperative that the financial management take these future estimates in a seriously.

1.1. Research problems

The common concepts of financial management in any destination of a link is the concept that record income and expenses in the books, prepare exchange orders, collection orders, bills settlement, expense of extracts and preparation of final accounts. Furthermore, former concept has seeped into senior management in many government and private agencies, where officials have financial administrations are not demanding jobs or more than the usual accounting procedures information, but that in some quarters not demanding senior management of any financial information in the financial departments. The limited access to the affairs of the financial management only and this gives the impression is not positive about the performance of financial

departments in government, private agencies and financial management. It is true that the accounting system is an important measure of financial management functions, but it does not represent all the operations and management activities. Consequently, there are important other functions have been neglected even though they represent the main functions of management includes financial planning, analysis of data, financial information and study it, also to the function of regulation, supervision and follow-up as well as to be attention to the financial role to take financial decisions in all management functions without influence from senior management.

1. 2. Research questions

1. 2. 1. What is role of management in decision-making of the financial planning business enterprise process?
1. 2. 2. What is the responsibility of financial management to take the appropriate decision in the financing of commercial enterprises?
1. 2. 3. What is the financial management task in making investment and financial decisions?
1. 2. 4. What is the role of financial management in the decision-making process of the organization in business?
1. 2. 5. What is the role of financial management in decision-making in the regulatory and administrative process in businesses?

II. Objectives Of The Study

This research tries to achieve a number of objectives, including:

1. Detect the role was played by financial management in commercial companies.
2. Become acquainted with the financial management decisions and the extent responsibility of the Board of Directors for these decisions.
3. Participation of financial management in the position of investment decisions in companies.
4. Acquainted with the financial management of the tasks entrusted of businesses through the application of correct decision making.

2. 1. Hypotheses

2. 1. 1. There is a relationship between planning and financial management in commercial enterprises.
2. 1. 2. There is a relationship between the funding and financial management in commercial enterprises.
2. 1. 3. There is a relationship between the regulatory process and financial management in commercial enterprises.
2. 1. 4. There is a relationship between the decision-making process and financial management in commercial enterprises.
2. 1. 5. There is a relationship between the control and financial management in commercial enterprises.

III. Importance of the study

Naturally, stand on the tasks and responsibility of financial management, despite its importance is not enough as a base for the start of the contents of this research, as necessary objective of the financial management to identify and be the basis for judging the appropriate decisions that are related to investment and funding sources. We will try in this research stand on the nature of the study. There is no doubt that the new developments and successive during this century have put CFOs in the face of many challenges that had a major impact on the various financial policies, activities disparate, preparing budgets, financial statements and the cost of capital due to the severe impact of variables on the policies of these companies must be actual cohabitation to create air conditioning required for this companies in these variables.

IV. Previous studies

The construction of a broad statement about the company's values, purpose and future direction is the first step in the strategic-planning process (Jick and Peiperl, 2003). Also, the make financial decisions are subject to a range of determinants, including the cost-effectiveness of growth rate, the size of the institution, the Chilean level of risk, the cost of borrowing, the age of the organization, the nature of the activity, the nature of the property and the growth rate has a role in the interpretation of the financing policy of the Algerian institutions. Also, the modern financial theory of financing able to interpret financing policy Algerian economic enterprise but is not sufficient and that the financing structures of the Algerian institutions and structures imposed and not selected. Results of the analysis showed that the overlaps between the financial analysis and decision-making process increase the explanatory model gradient and interpretation of this result is that the strength of financial analysis will help decision-makers to draw conclusions that build upon its decisions and thus contribute to the rationalization of financial decisions. Sheikh Din, *et al.*, (2005) stated that the most of the work of financial management in business is the accounting side. The decisions taken by the financial management of these institutions, which take into account the management and division, which are notes that in

the investment decision. The financial management when determining the field of investment takes into account factors that affect the decision to invest, such as risk and uncertainty in the case of investment in securities.

The financial management monitors the implementation of the objective of financial plans confirms their interest in the implementation of all programs designed for it and achieve results that accompany serve the facility. The financial management is consider an integrated part of the overall management of the facility and not a consultant specialist care operations access to funds and the basic process involved, is the comparison it is wise comparison between the potential uses and benefits of the potential cost of alternative sources so that they can achieve the overall objectives of the project (AL-Hinnawi, 1999). The financial management is the management by the activities varied through the implementation of the functions of specialized technical such as financial analysis. Also, evaluation of projects, the preparation and interpretation of financial reports, budgets discretionary and financial reorganization (Al Houari, 1992). The financial management is defined as all aspects of administrative activity or administrative function necessary for the organization of the movement of funds to achieve the project objectives efficiently high productivity and fulfilling their obligations owed to them in a timely manner (Kharaga, 2002). Determination the objective accurately it helps to achieve quickly and requires a rational decision-making. In order to determine the objective to be achieved the financial management must be highlight goals that seek it and that can be achieved in light of its potential (Abdel Hamid, 1992). In general, the best guess for the economy is the assumption that the project aims to maximize profits, and that assumption seems reasonable. Also, as we find most of the businessmen to have a definite and clear desire to make profits, but also in the increase to the maximum extent possible. However, the goal of profit maximization raises a number of questions and faced with a range of criticism makes him the honor is not the only objective of some projects, and thus there is a set of objectives that seek financial management to achieve, including the businesses as public projects or private (Abdul Hadi, 2000). The attention to the high profitability may spend adequate liquidity, leading to failure of the project's ability to repay its obligations thus lead to the bankruptcy of the project (Karajeh, *et al.*, 1990). The first basic functions of management are you cannot perform any activity successfully only if it is planned in advance. The planning is the intellectual previous stage to perform any of the acts which it crystallizes ideas and prepare to be put into practice (Ramadan, 1996). The regulatory function is defined as the integration of the physical and human resources through formal structure shows the process of tasks and authorities (Riad, 2000). The control includes performance and reporting, which is concludes the application process that including a meaningful process to correct deviations and put plans based on the results of the evaluation (Ramadan, 1996). Moreover, there must be an effective and good communications system that provides access information quickly and accurately as well as their methods and standards are understood and applied does not cost much (Rabia, 2000). The analysis of the reasons for the change in revenue and return on investment by studying the change in the components of each of them and find out the reasons for the changes in these components are also an instrument of financial control tools (Hanafi, 2002). The importance of making decisions in the administrative and financial process in being one of the most important and the most difficult situations faced by individuals, groups and organizations at both the framework, therefore the process of decision-making was considered the essence of the administrative process operation (Hindi, 2000). After the chief of financial officer planning to expect cash flows and then receiving funds. So that, the needs of invest this money appear whether in traded assets or fixed assets, and to be sure that the funds invest wisely used or economically used within the facility (Sobhi, 2002). The Capital investments are intended to investments that are expected to return them to distribute a number of years and more than one year, such as investments in fixed assets with various types of them, which is considered as a long-term association for facility to a specific type of activity as well as the line of products and certain way for operating (Sweilem, 1997). The operations related to capital management and decisions occupied an important part of financial management concerns in the businesses. But, perhaps the most important concerns of the financial management and decisions were due reason to capital correlation factor with the daily operations of businesses (Alhamka and Aljzrawy, 1998). The working capital management includes cash management, accounts receivable and inventory commodity (Abbas, 2002). The financial management is seeking to use the investment funds either in the creation of financial assets such as cash and short-term investments or in the creation in-kind investments such as inventory, machinery, equipment, and this means that investment decisions will be limited to the choice type of assets that must be used by the facilities management to achieve future revenues accompanying investment (Mabruk, 1994). The financial decisions on the distribution of profits include all decisions concerned with determining the percentages of cash dividends distributed to shareholders within the facility (Weston, 1993). Furthermore, some decision-makers believed that their role ends once you choose a suitable alternative solution, but this belief is wrong because the alternative was chosen to solve the problem requires implementation through other cooperation and follow-up implementation to ensure the safety of implementation and validity of the decision. Additionally, external environment factors that influence the decision-financial resolution is the economic, social and political conditions prevailing in the community also competition in the market, conglomerates unions, consumers, legislations, government rules, changes in technical developments, public opinion and public

policy of the state (Alqarar, 2015). From the perspective of the Chief Financial Officer, the inflation has a big impact on a lot of financial decisions, such as the impact of inflation on exchange rates of foreign currencies and the decisions related to import and export (Fantozzi and Pamega, 2003).

V. Methodology

The study followed the historical method for the sources of direct relationship to the subject of study, as well as deductive approach in the study of problems and hypotheses, descriptive approach in the collection and analysis of data in the field study with intended use of the data to understand and explain the situation and practices. Also it followed the case study method to provide the necessary information. Among the variables that require a comprehensive study to discover new areas of research in the future.

5. 1. Source of data collection

5. 1. 1. The primary sources

The information that you get from the study population of the company, the subject of the study using the (questionnaire, interview, observation).

5. 1. 2. Secondary sources

Include references, documents in the field of financial and business management for the financial decision-making in the studied companies, scientific journals, process reports, publications prepared by the facilities and theses.

5. 2. Procedures of the study

5. 2. 1. Research community

The original community of this study consists of employees of Kenana Sugar financial management division totaling 120 individuals.

5. 2. 2. The study sample

This study sample consists of random samples distributed in financial management sections of accountants, administrators and workers. The stratified random sample was selected heterogeneity of the members of the research community, then distributed a questionnaire to 100 research community and was full retrieval.

5. 2. 3. Study tools

The questionnaire was designed for the purpose of collecting the initial data from the research sample. The questionnaire consists of two parts, the first is the major profile of unexamined and second is the basic data for the study, which aims to test the validity of hypotheses and find out the relationship between changes in the assumptions. Also, 100 random samples were selected from 120 individual of community studies. 100 questionnaire numbers have been distributed and completely received.

VI. Results and discussion.

These results showed that most individuals of community studies were males. This finding indicates that most of the employees of the company were men, this is normal for the industry in Sudan which is prefer working of male in compared with female. Furthermore, the specific age groups between twenty five to the thirty five were found young people whose can work in a company for a longer period, so that they increase the productivity of company. In terms of marital status, the percentage of the married couples above sixty percent, which is demonstrates the stability of the work. According to the findings of a study on the level of education, the results indicated that the forty eight percent had university qualification, these highest rates, which was proved that the health of questionnaire and the sincerity of their results. Also, information on dealing with the questionnaire required scientific methodology. In terms of practical experience that most employees have considerable experience in the workplace, where the rate was reaches to sixty seven percent, which are indicating that the majority of them have the longest experience in the company between five to nine years. Moreover, a large proportion of respondents supports and approves the role of financial management in decision-making in the regulatory process. Also, results stated that a large number supports the role of financial management in making investment decisions in commercial establishments. Additionally, the attention of financial management with financial control has been answered by a large percentage through the role of chief financial officer in the regulatory process businesses. Also, the financial management is not independent of other departments and a larger role in the process of financial analysis.

The study showed that there is a relationship between the process of doing financial planning business institutions and financial management decisions through ratio, which was amounted to hundred percent. This

finding confirms the validity of the hypothesis. Also, the existence of relationship between the different process of obtaining funding sources through financial management decisions with the percentage of ninety two. There is a relationship between the regulatory process in the organization and financial management decisions with the percentage that proved it was seventy six percent, which confirms the validity of the hypothesis. The interest in financial management to take the decision to invest through a measured decision-making in the institutions and proved it was ninety six percent. This confirms the validity of the hypothesis. The existence of a relationship between the decisions of financial management and financial control in commercial establishments so percentage a amounted was ninety six percent, which confirms the validity of the hypothesis. Further results proved the existence of a relationship between financial management and financial analysis that is not independent of the other departments of financial management hundred percent. It is concluded that the initial hypothesis showed a relationship between the adoptions of financial management decision of the planning process in commercial establishments.

Recommendations

The researcher recommend that further research should be done in the area of financial management and their role in decision-making as well as giving more confidence for CFOs in the decision-making without interference from the owners and boards of directors of institutions as well as dependence on strategic long-term decisions in the planning and management functions other process.

Table (1). The sample distribution depended on: sex, age, marital status and educational level.

NO.	Variable	Repetition	Percentage
1	Gender		
	Male	66	66%
	Female	44	44%
	Total		100%
2	Age		
	5 -- 35 year	33	33%
	5 -- 45 year	30	30%
	5 -- 55 year	25	25%
	5 -- 60 year	12	12%
	Total		100%
3	Social status		
	Married	64	64%
	Aazb	36	36%
	Absolute	--	--
	Total		100%
4	Educational level		
	Basis	12	12%
	Secondary	26	26%
	Academic	48	48%
	Postgraduate	04	04%
	Total		100%
5	Practical experience		
	To 5 years	33	33%
	years to 9 years 5	38	38%
	years and over 10	29	29%
	Total		100%

Table (2).The results of analysis of the study data and hypothesis testing

Activity	I totally agree		Agree		Neutral		Disagree		I do not agree at all		Total	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
The role of financial management in decision-making in the planning process	76	76%	24	24%	--	--	--	--	--	--	100	100%
Responsibility for financial management to take the appropriate decision in the corporate finance	20	20%	60	60%	12	12%	8	8%	--	--	100	100%
The role of financial management in decision-making in the regulatory process	12	12%	60	60%	04	04%	20	20%	04	04%	100	100%
The role of financial management in the investment decision	24	24%	68	68%	04	04%	04	4%	--	--	100	100%
The role of financial management in the regulatory decision-making process	28	28%	64	64%	04	04%	--	--	04	04%	100	100%
The role of financial management in the process of financial analysis	24	24%	76	76%	--	--	--	--	--	--	100	100%
Financial management's not independent of other departments	08	08%	72	72%	--	--	12	12%	80	08%	100	100%

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